

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**March 21, 2007**  
**Executive Summary**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR AN**  
**EXEMPT FACILITY PROJECT**

*Prepared by Walter Akiyama.*

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**Applicant:** California Pollution Control Financing Authority

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**Allocation Amount Requested:** \$38,305,000

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**Project Name:** Green Waste Recovery, Inc.

**Project Address, City, County, Zip Code:**

Site A.1. – 625 & 645 Charles Street, San Jose, Santa Clara, 95112
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Site A.2. – 565 Charles Street, San Jose, Santa Clara, 95112
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Site B. – 375 Industrial Road, Watsonville, Santa Cruz, 95076-5118
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**Project Sponsor Information:**

**Name:** Green Waste Recovery, Inc.

**Address:** 625 Charles Street  
San Jose, CA 95112

**Principals:** Richard Cristina, Murray Hall and Jesse Weigel

**Contact:** Don Dean

**Phone:** (408) 938-4901

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**Project User Information:**

**Name:** Same as Project Sponsor

**Address:** Same as Project Sponsor

**Contact:** Same as Project Sponsor

**Phone:** Same as Project Sponsor

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**Project Financing Information:**

**Bond Counsel:** Law Offices of Leslie M. Lava

**Underwriter:** Westhoff, Cone & Holmstedt

**Credit Enhancement Provider:** Comerica Bank

**Private Placement Purchaser:** Not applicable

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**Description of Proposed Project:**

Site A.1. and A.2.- According to the application, the Project Sponsor intends to purchase collection vehicles and containers to fulfill its new residential greenwaste hauling contract with the City of San Jose. In addition, the Project Sponsor will reorganize and expand its existing MRF to more efficiently process both recyclables and municipal solid waste and create a new vehicle maintenance facility. The proposed Project also includes the purchase of an additional parcel of land and street sweeper equipment necessary to fulfill its contractual obligations. The Project Sponsor also intends to purchase additional collection vehicles and containers to be used in various unincorporated areas of Santa Clara County.

Site B – According to the application, the proposed Project consists of the purchase of new bio-diesel powered collection vehicles for residential and commercial hauling within Santa Cruz County.

According to the application, the Project Sponsor's service area consists of franchised areas which include the Cities of San Jose, San Juan Batista, Woodside, Portola Valley and Petaluma,

the Counties of Santa Clara and Santa Cruz and approximately 60 plus other political subdivisions in the greater Bay Area in which the Project Sponsor offers debris box service.

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**First Tier Business (Yes/No):** Yes

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**Legal Questionnaire:** CPCFA staff has reviewed the responses on the Legal Status Questionnaire. It is the conclusion of CPCFA staff and Legal Counsel that the issues disclosed do not preclude CPCFA or this Committee from approving this request.

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**Recommendation:** Staff recommends that the Committee approve \$38,305,000 in tax-exempt bond allocation.

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**March 21, 2007**  
**STAFF REPORT**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR AN**  
**EXEMPT FACILITY PROJECT**

**APPLICANT:** California Pollution Control Financing Authority

**ALLOCATION AMOUNT REQUESTED:** \$38,305,000

**PROJECT NAME:** Green Waste Recovery, Inc.

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Site A. – 625 & 645 Charles Street, San Jose, Santa Clara, 95112
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**PROJECT SPONSOR INFORMATION:**

**Name:** Green Waste Recovery, Inc.  
**Address:** 625 Charles Street  
San Jose, CA 95112  
**Principals:** Richard Cristina, Murray Hall and Jesse Weigel  
**Contact:** Don Dean  
**Phone:** (408) 938-4901

**PROJECT USER INFORMATION:**

**Name:** Same as Project Sponsor  
**Address:** Same as Project Sponsor  
**Contact:** Same as Project Sponsor  
**Phone:** Same as Project Sponsor

**PROJECT FINANCING INFORMATION:**

**Bond Counsel:** Law Offices of Leslie M. Lava  
**Underwriter:** Westhoff, Cone & Holmstedt  
**Credit Enhancement Provider:** Comerica Bank  
**Private Placement Purchaser:** Not applicable

**TEFRA Hearing:** November 28, 2006

**MINIMUM REQUIREMENTS:**

- ***Applicant must demonstrate that there will be more public benefits if the project is financed with tax-exempt bond financing than with any other means of financing:*** According to the application, the difference in tax-exempt financing versus conventional financing will save approximately \$900,000 in current cash flow and approximately \$1,200,000 annually in interest cost.
- ***California Environmental Quality Act (CEQA) review process must have commenced at the time of Application. In addition, Applicant must provide applicable discretionary use permits and approvals:***  
According to application, all applicable discretionary permits and approvals have been issued and CEQA process completed.
- ***Submittal of Credit Enhancement:***  
Comerica Bank

**EVALUATION CRITERIA:**

- ***First Tier Business (yes or no):*** Yes
- ***Regulatory mandate:*** According to the application, the Project Sponsor has certified that the proposed project is in direct response to the Project Sponsor's efforts to help the municipal governments who they serve comply with AB939.
- ***Description of project, renovation or new construction, the number of square feet to be constructed/renovated:***  
Site A.1. and A.2.- According to the application, the Project Sponsor intends to purchase collection vehicles and containers to fulfill its new residential greenwaste hauling contract with the City of San Jose. In addition, the Project Sponsor will reorganize and expand its existing MRF to more efficiently process both recyclables and municipal solid waste and create a new vehicle maintenance facility. The proposed Project also includes the purchase of an additional parcel of land and street sweeper equipment necessary to fulfill its contractual obligations. The Project Sponsor also intends to purchase additional collection vehicles and containers to be used in various unincorporated areas of Santa Clara County.  
  
Site B – According to the application, the proposed Project consists of the purchase of new bio-diesel powered collection vehicles for residential and commercial hauling within Santa Cruz County.  
  
According to the application, the Project Sponsor's service area consists of franchised areas which include the Cities of San Jose, San Juan Batista, Woodside, Portola Valley and Petaluma, the Counties of Santa Clara and Santa Cruz and approximately 60 plus other political subdivisions in the greater Bay Area in which the Project Sponsor offers debris box service.
- ***Project Sponsor's principal activity:*** According to the application, the Project Sponsor's principal activity is the collection, disposal and recycling of solid waste.

- **Estimated total development cost:** \$38,852,422
  
- **Sources of Funds:**

Tax-Exempt Bond Proceeds	\$38,305,000
Other Sources	<u>\$ 547,422</u>
Total Sources	\$38,852,422
  
- **Uses of Funds:**

Acquisition of Land	\$ 1,500,000
Acquisition of Existing Building	\$ 200,000
Construction New Building	\$ 2,500,000
New Equipment Purchase & Installation	\$16,795,000
Rolling Stock	\$15,570,000
Cost of Issuance (including discount)	\$ 1,090,222
Letter of Credit or Bond Issuance Fee	\$ 242,948
Construction Contingency	\$ 730,952
SBAF contribution	<u>\$ 223,300</u>
Total Uses	\$38,852,422
  
- **Environmental impact:**
  - 1) Air Quality: According to the application, the new bio-diesel vehicles will emit noticeably less pollutants.
  - 2) Water Quality: According to the application, the proposed Project will be operating on concrete or asphalt paved surfaces and will not operate on exposed ground areas. This will prevent any seepage of undesirable materials into the ground water. The project is removed from environmentally sensitive wetland and coastal areas that could be affected by pollution. The project will construct storm water retention basins and comply with storm water management regulations.
  - 3) Energy Efficiency: According to the application, the proposed Project will utilize split body collection trucks which have the capability to pick-up two types of solid waste material at once. Vehicles currently in use require three passes through each neighborhood to achieve what a split body truck can do in two. Therefore, the use of split body trucks will reduce traffic congestion, fuel consumption and air pollution.
  - 4) Safety and Compliance: According to the application, the Project Sponsor is in compliance with all the state and federal environmental regulations regarding the operation of the proposed facility and its existing facilities that it currently operates.
  - 5) Consumer Efficiencies: According to the application, the proposed Project will enhance the collection process by implementing a single stream recycling program. Commercial customers will be given bins and actively encouraged to recycle. A food waste program will be offered in the future.
  
- **Leveraging:** The estimated total project cost is \$38,852,422 of which \$547,422 is equity, and \$38,305,000 will be new issue tax-exempt bond debt. The amount of tax-exempt bond debt represents 99% of the total project cost.
  
- **Local government support:** A letter of support has been received from Les White, City Manager, of the City of San Jose.

- **Other public benefits provided by the project:** According to the application, the Project Sponsor anticipates protecting the current franchisees' employees by hiring most of them to facilitate serving the City of San Jose and the Counties of Santa Cruz and Santa Clara. Also, there will be approximately 25 employees hired to staff the operations in the new MRF. The proposed Project will also generate the following tax revenue:

Property Taxes	\$252,000 (annually)
State and Federal Payroll Taxes	\$1,095,000 (annually)
Sales Taxes	\$2,670,000 (one-time)
Vehicle Licensing Fee	\$135,000 (annually)

**COMMENTS:**

1. According to the application, the Project Sponsor is a First Tier Business and the proposed Project is in direct response to a Regulatory Mandate (AB 939).
2. According to the application, the proposed Project will create 25 new jobs.
3. According to the application, the Project Sponsor has \$21,440,000 in outstanding tax-exempt bonds issued in California in 1999, 2001 and 2006.
4. CPCFA staff has reviewed the responses on the Legal Status Questionnaire. It is the conclusion of CPCFA staff and Legal Counsel that the issues disclosed do not preclude CPCFA or this Committee from approving this request.

**RECOMMENDATION:**

Staff recommends that the Committee approve \$38,305,000 in tax-exempt bond allocation.

Prepared by Walter Akiyama.